

264/01 – ELEXON REPORT

MEETING NAME	BSC Panel
Date of meeting	9 March 2017
Owner/author	Mark Bygraves
Purpose of paper	For information
Classification	Public
Summary	This paper provides a summary of recent issues and developments in the period from 3 February to 2 March 2017.

1. Overview

- 1.1 This paper is provided for the information of the Panel. It presents an overview of activities and developments within ELEXON and the balancing and settlement arrangements and summarises the business of the Panel meeting. Detailed information on operational matters will be provided in other reports, particularly the Trading Operations Report.

2. ELEXON News

Consultation Responses

- 2.1 We have responded to four consultations since our last update to the Panel. You can find these and all our consultation responses in the [Industry Insights](#) section of our website.
- 2.2 Our response to the National Infrastructure Commission's Report on the Impact of Technological Change on Future Infrastructure Supply and Demand:
- Noted that there are new technologies in the energy sector that offer faster, better quality information and flexibility in the way that energy is generated and consumed (e.g. smart metering, electric vehicles and battery storage);
 - Outlined the work that ELEXON is doing in these areas to ensure that we continue to deliver the best services and systems to consumers and the industry;
 - Highlighted our responses to previous related consultations by Ofgem, the Department for Transport and the Department for Business, Energy & Industrial Strategy (BEIS);
 - Noted that the work of the National Infrastructure Commission, Ofgem and BEIS is all interlinked; and
 - Stressed the importance of ensuring co-ordination and cohesion across government strategies.
- 2.3 Our combined response to Ofgem's two consultations on its Forward Work Programme and Simplification Plan:
- Welcomed Ofgem's intention to set a strategic direction for industry change;
 - Considered that Ofgem should provide clear direction as soon as possible in order to focus resources and investment across stakeholders;
 - Suggested that the Strategic Direction is set immediately after Ofgem and BEIS have evaluated their joint call for evidence on a smart, flexible energy system;
 - Highlighted the importance of Ofgem aligning its strategic direction with other government policy initiatives, in order to limit competing requirements on industry stakeholders;

- Referenced our response to Ofgem’s consultation on code governance reform and, in particular, our views on the proposed new consultative board;
 - Considered that the scope of the consultative board should be defined alongside how it interacts with existing industry governance (e.g. code panels and code managers), the Energy Innovation Board and the newly announced separation of System Operator;
 - Highlights the new, cross-code [Forward Work Plan](#), which will help understanding of the current industry priorities and change timetable;
 - Suggested that Ofgem should consider the potential to reduce any duplication or inefficiencies in the stakeholder data that it and BEIS receive, and that it should consider who is best placed to undertake data processing and evaluation;
 - Noted that we would like to understand how our data could assist Ofgem in its work and that we are exploring how we can provide greater insight to the data we publish;
 - Suggested that Ofgem should ensure that its requirements for assessment are captured and fed into code working groups, to avoid the inefficiency of Ofgem having to undertake its own subsequent analysis;
 - Considered that there should be an expectation that code panels and code managers undertake analysis, and that code managers must be independent and impartial to add weight to their analysis; and
 - Commended Ofgem on its recent move towards the use of simple infographics to explain how the markets are designed and costs allocated.
- 2.4 Our response to Distribution Connection and Use of System (DCUSA) Change Proposal (CP) 282, which relates to combining the unmetered supplies (UMS) inventories of Distributors and embedded Distributors:
- Confirmed that we believe the change will benefit UMS customers while having no impact on Settlement accuracy; and
 - Confirmed that we believe no BSC changes are required to support the proposed DCUSA solution.

BSC Systems Roadmap

- 2.5 We produce the BSC Systems roadmap to share our latest view of the BSC change pipeline and wider market changes and how this may impact the BSC systems. We slightly delayed the publishing of the roadmap to reflect the January draft of the European Guideline on Electricity Balancing. We will publish the new roadmap in early March. The final text of the European Guideline on Electricity Balancing is expected to be agreed mid-March. If there are any material changes in the final text we will update and publish an interim version of the roadmap.

Performance Assurance Framework (PAF) Review

- 2.6 A detailed plan has been approved by the Project Board in February and the Request for Funds was approved by the Executive on 20 February 2017. A summary paper was presented to the Performance Assurance Board (PAB) in February and is being presented to the Panel in March 2017 (Paper Ref: 264/07). The work is due to commence after the Panel endorsement.

BSCCo Business Plan

- 2.7 In line with the requirements of the BSC, we made the draft BSCCo Business Plan available to BSC Parties for comment. We presented it to the BSC Panel, publicised it via the website and Newscast, and held webinar that all BSC Parties were invited to attend.

- 2.8 One BSC Party raised questions on the draft business plan, seeking confirmation on the amount of contingency held, whether the budget included potential costs for the Gas PAF Administrator tender process and whether any costs are included for providing additional services to industry. The BSC Panel also provided a response to the draft Business Plan – available to [download](#) from the ELEXON website.
- 2.9 Given the Panel's supportive response to the draft Business Plan and the fact that no adverse feedback was received from BSC Parties, no changes have been made to the Business Strategy aside from a handful of minor changes to update text that has become outdated since the first draft in September. Some updates have been made to the budget resulting in a reduction of £282k.
- 2.10 The BSCCo Board approved the final version of the Business Plan on 1 March. It will be published on the ELEXON website by 31 March 2017.

3. Industry News

European Developments

- 3.1 On 2 February, the Government published its 'Brexit' White Paper. That and some of the Prime Minister's recent comments suggest that assuming that the UK will remain a member of the single European electricity market may no longer be the safe assumption we previously thought. However, in the absence of any further information, it is still prudent to continue to plan on the basis that we will be bound by European Network Codes and Guidelines in the short term, particularly given the two year time to exit.
- 3.2 The European Electricity Balancing Guideline (EB GL), which will require changes to the BSC, is now at a critical stage of development as we understand that the Commission expects Member States to be in a position to formally vote on the Guideline in mid-March. On this basis, we'd expect the EB GL to come into force in the autumn.
- 3.3 ELEXON had a successful meeting with NGET in February at which we jointly identified the potential BSC Modifications, risks and dependencies arising out of the draft EB GL. ELEXON will present key findings from this analysis at this (March) BSC Panel meeting. And these findings will provide input to the joint code administrators' plan covering the GB implementation of all European Network Codes, which Ofgem has requested by mid-March.

Future System Operator (SO)

- 3.4 Ofgem is currently consulting on proposals for the future system operator role. It issued its first consultation in January on its proposals for the SO role and structure. A further consultation was issued by Ofgem on 7 February that provided its thoughts on the regulatory and incentives framework for the future SO. ELEXON will consider and respond to the consultations.
- 3.5 On 2 February ELEXON met with Charlotte Ramsay, Programme Director for Future SO work. NG shared its programme structure and workstreams and we agreed channels for communications and engagement going forward.
- 3.6 ELEXON and NG agreed to a future discussion on the scope of SO and any changes to the relationship to ELEXON/BSC arising from the transition.

4. Operational News

February Release Successfully Implemented

- 4.1 P326 'the introduction of non-working day credit cover calculation', along with a number of other BSC documentation only changes were successfully implemented on 23 February 2017. More information on the complete scope, key dates and the impacted documents is available on the [February 2017 Release](#) page of our website.

Update on the New BMRS Platform

- 4.2 CGI has completed Operational Acceptance Testing (OAT) of the newly developed application programming interfaces (APIs) and plans to deploy them into production at the end of March.

P350 Implementation

- 4.3 ELEXON is currently evaluating the bidder responses to the TLFA Invitation to Tender (ITT) documents received on 24 February 2017. The timescales for TLFA delivery are very tight and there is very little contingency in terms of time if 2 October 2017 TLFA service commencement date is to be met. To help mitigate the tight timescales the Invitation to Tender (ITT) made it clear that meeting the delivery schedule is a key evaluation criteria.
- 4.4 Supply Chain Management (SCM) has advised panel (Paper Ref: 264/10) that they intend to single source the Load Flow Model Reviewer. Draft copies of the TLFA Service Description, LFM Specification and LFMR Terms of Reference were issued to further help in ensuring the timescales for TLFA and LFMR contract signoff on 12 May 2017 can be met.

Planned BSC System outage on 2 April and 3 April 2017 - Data centre Relocation

- 4.5 ELEXON has been working with its service provider CGI to plan the relocation of all BSC Central System hosted from data centres based in Central London to South Wales. The project has progressed well and is entering the final phase of testing and preparation of relocation activities.
- 4.6 In order to migrate the services, an outage of the BSC Central Services is planned between Sunday 2 April 20:57 (GMT) and 09:15 Monday 3 April 2017. During this period, BSC Parties will be unable to submit contract notifications to the Energy Contract Volume Aggregation Agent (ECVAA) service or receive communications from the ECVAA.
- 4.7 The [BMRS website](#) will be unavailable and will not display market data; however it will be updated after the downtime following the processing of any backlog of files.
- 4.8 In addition, Parties will not receive TIBCO or Data Push messages, however, these messages will be sent after the downtime.
- 4.9 During this planned downtime no data will be sent to ENTSO-E Transparency Platform from BMRS. Data provided to the [ELEXON Portal](#) by the BSC Central Services will also be unavailable during this downtime and any REMIT data which is submitted through the ELEXON Portal API will not be published by the BMRS website until after the downtime.
- 4.10 We will publish further information closer to the time to remind BSC Parties and finalise timings. For further information, please email [Paul Pettitt](#), Head of Project Delivery.

Webinar: Business Unit Settlement Risks Rating (BUSRR) criteria changes

- 4.11 On Wednesday 15 March 2017 at 12:30 we will be hosting an hour-long [webinar](#) to help Suppliers, Meter Operator Agents (MOAs) and other interested Parties understand changes to the current Business Unit Settlement Risks Rating (BUSRR) criteria, to take effect from April 2017.
- 4.12 Over the past year ELEXON has investigated whether the criteria of the top Settlement Risks is still reflective of the impact of poor performance at Business Unit level. We concluded that the criteria of these top Settlement Risks needed amending, some risks were no longer relevant, and one new Settlement Risk was required.
- 4.13 During this webinar we will discuss the changes to affected Top Settlement Risks (i.e. SR022, SR0028, SR0072, SR0074 and SR0081). In addition, we will discuss the introduction of new a Top Settlement Risk (SR3019) and MOA Peer Comparison reports.

- 4.14 If you have any questions about this webinar or need more information, please email communications@elexon.co.uk.

Post Implementation Review of P305

- 4.15 ELEXON has conducted a 12 month review into System Prices since the implementation of BSC Modification P305 'Electricity Balancing Significant Code Review developments'. This modification changed the System Price calculation on 5 November 2015. BSC Modification P305 implemented the conclusions to Ofgem's Electricity Balancing Significant Code Review (EBSCR), and introduced a single marginal Imbalance Price, Reserve Scarcity Pricing and pricing for Demand Control actions.
- 4.16 This post implementation review does not take a position on the success of these changes. Instead, the report provides analysis and insight into System Prices, market conditions, behaviour and Trading Charges affected by the modification. The full Post Implementation Review of P305 report and short summary and key points are available on the [Operations Reports](#) page of our website and will be presented to the Panel at its March meeting.
- 4.17 ELEXON will also be hosting an hour-long [webinar](#) on 16 March 2017 at 12:00 to increase industry's understanding of the BSC Modification P305. If you have any questions or would like to register for the webinar, please email communications@elexon.co.uk.

Decrease in the Credit Assessment Price (CAP)

- 4.18 The Credit Committee met on Monday 27 February 2017 to determine the new CAP. It considered Trading Parties' consultation responses as well as April and May 2017 forward prices used in the reference price calculation to determine the new value.
- 4.19 On Tuesday 21 March 2017 the Credit Assessment Price (CAP) value will be decreased to £49/MWh. Parties may notice a change in their Credit Cover Percentage as a result of the CAP being decreased from the value of £57/MWh and should review the amount of Credit Cover lodged. The Credit Committee has also agreed that the CAP review trigger level value should not be changed from its current value of +/- £5/MWh. For more information, please see our [Credit FAQs](#) or contact credit.committee@elexon.co.uk.

EMR Update

- 4.20 The following EMR Circular has been issued since the February Panel meeting:
- EMR Circular 113: Suppliers to receive their first Capacity Market Monthly Supplier Charge Reconciliation Invoice/Credit Note for October 2016
- 4.21 All EMR circulars are all available to download from the [EMR Circulars page](#) of the EMRS website.
- 4.22 Grant and Service Agreement payments are being received in accordance with the agreed payment schedule and we continue to maintain a positive cash-flow. "Actual" resource utilisation is not materially different to "budget" and "forecast".

P272: Ofgem enforcement letter

- 4.23 The implementation of P272 is approaching and all Suppliers that are non-compliant with the P272 deadline of 1 April 2017 will be subject to the Error and Failure Resolution (EFR) process and required to submit plans to address the non-compliance as soon as possible.
- 4.24 In June 2017, the Performance Assurance Board (PAB) will review each non-compliant Supplier and will then invite those which cause the most concern to future meetings to outline their plans for becoming compliant as quickly and as efficiently as possible whilst maintaining minimal risk to Settlement.
- 4.25 During or after PAB review of non-compliance, Ofgem may also investigate and take enforcement action against Suppliers.

264/01 – ELEXON REPORT

- 4.26 Further information about this can be found in [Ofgem's Second Open Letter on migration of consumers in profile classes 5-8 to half hourly settlement under P272](#).
- 4.27 For further information about the PAB's approach to non-compliance with the P322 deadline please see '[The PAB's approach to non-compliance with the P322 deadline of 1 April 2017](#)' document, available under 'Related content', on the P272 page of our website.
- 4.28 If you have any questions or concerns, please contact the P272 team at P272Implementation@elexon.co.uk. A full update on industry progress towards P272 compliance is included in Attachment B of this paper.

5. Settlement Reform and support for Ofgem projects

Settlement Reform

- 5.1 ELEXON has met with Ofgem to discuss ELEXON's offer of leading on settlement design in the mandatory Half-Hourly Settlement (HHS) work. ELEXON is advising Ofgem on settlement aspects of data privacy issues relating to HH data.

Faster and More Reliable Switching

- 5.2 No ELEXON activity during the reporting period. The Programme is now transitioning from the Blueprint to the Detailed Level Specification (DLS) phase. ELEXON has initiated discussions with the Ofgem Programme about its expectations for ELEXON support during DLS.

Demand Side Flexibility (DSF) and Smart Grids

- 5.3 ELEXON will be contributing to National Grid's power responsive storage working group which will meet in mid-March to provide our settlement expertise. ELEXON has also offered its expertise on the proposal to form BEIS/Ofgem Smart System [forum](#). The forum will focus on helping to implement and steer BEIS/Ofgem forthcoming Smart Systems Plan which will address outcome from the recent call for evidence.

6. Summaries of Panel Business – Tabled

Report from the Imbalance Settlement Group (ISG)

- 6.1 At its meeting on 21 February 2017, the ISG considered 9 papers.
- 6.2 Further information can be found in the ISG Panel report 264/01c.

Report from the Supplier Volume Allocation Group (SVG)

- 6.3 At its meeting on 28 February 2017, the SVG considered 9 papers.
- 6.4 Further information can be found in the SVG Panel report 264/01d.

Report from the Performance Assurance Board (PAB)

- 6.5 At its meetings on 23 and 24 February 2017, the PAB considered 24 papers.
- 6.6 Further information can be found in the PAB Panel report 264/01e.

Report from the Trading Disputes Committee (TDC)

- 6.7 At its meeting on 2 March 2017, the TDC considered 9 papers.
- 6.8 Further information can be found in the TDC Panel report 264/01f.

264/01 – ELEXON REPORT

Attachments

Attachment A - 264/01a: ELEXON Monthly KPIs

Attachment B – 264/01b: P272 Update

Attachment B – 264/01c: Report from the ISG

Attachment C – 264/01d: Report from the SVG

Attachment D – 264/01e: Report from the PAB

Attachment E – 264/01f: Report from the TDC

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